

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 92-317-C - ORDER NO. 92-1014 ✓
DECEMBER 1, 1992

IN RE:	Application of Telnet Communications)	
	for a Certificate of Public Convenience)	ORDER
	and Necessity to Operate as a Reseller)	GRANTING
	of Intrastate Interexchange Telecommuni-)	CERTIFICATE
	cations Service.)	

This matter is before the Public Service Commission of South Carolina (the Commission) by way of an Application of Telnet Communications, Inc. (Telnet) requesting a Certificate of Public Convenience and Necessity authorizing it to operate as a reseller of interexchange telecommunications services in the State of South Carolina. Telnet's Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 1991) and the Regulations of the Public Service Commission of South Carolina.

The Commission's Executive Director instructed Telnet to publish a prepared Notice of Filing in newspapers of general circulation in the affected areas once a week for two consecutive weeks. The purpose of the Notice of Filing was to inform interested parties of Telnet's Application and the manner and time in which to file the appropriate pleadings for participation in the proceeding. Telnet complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. A

Petition to Intervene was filed by Southern Bell Telephone & Telegraph Company (Southern Bell) and Steven W. Hamm, Consumer Advocate for the State of South Carolina (the Consumer Advocate).

A hearing was commenced on Tuesday, October 27, 1992, at 11:00 a.m. in the Offices of the Commission, 111 Doctors Circle, Columbia, South Carolina. The Honorable Henry G. Yonce presided. Frank R. Ellerbe, III, Esquire, represented Telnet; Caroline N. Watson, Esquire, represented Southern Bell; Carl F. McIntosh, Esquire, represented the Consumer Advocate; and Marsha A. Ward, General Counsel, represented the Commission Staff.

At the beginning of the hearing Southern Bell introduced a stipulation between itself and Telnet in which Telnet agreed that any grant of authority would be for interLATA services, that if any intraLATA calls were inadvertently completed, it would reimburse the local exchange company pursuant to the Commission Order in Docket No. 86-187-C, that all operator services would only be for interLATA calls and only "0+" or "0-" intraLATA calls would be handed off to the local exchange company, and that Telnet would not be prohibited from offering any services authorized for resale by tariffs of facility-based carriers approved by the Commission. Hearing Exhibit 1. After introduction of the stipulation, Southern Bell declined further participation in the hearing.

Telnet presented the testimony of Kevin Glassman in support of its Application. Mr. Glassman explained Telnet's request for certification to operate as a reseller of interexchange telecommunications services in South Carolina. He testified that

Telnet does not provide alternative operator services. Mr. Glassman outlined Telnet's financial qualifications, background, and technical capabilities. Mr. Glassman explained that public convenience and necessity required issuance of Telnet's requested certificate, particularly because it will provide customers the opportunity to purchase services which are typically only available to very large users, create greater customer choice and improve efficiencies of facilities. Mr. Glassman admitted that Telnet had completed intrastate toll traffic while its Application is pending.

After full consideration of the applicable law and of the evidence presented by Telnet, Southern Bell, the Consumer Advocate, and the Commission Staff, the Commission hereby issues its findings of fact and conclusions of law.

FINDINGS OF FACT

1. Telnet is incorporated under the laws of the State of Oregon and has a certificate of authority to transact business as a foreign corporation in the State of South Carolina.

2. Telnet operates as a reseller of long distance telecommunications. Presently, Telnet purchases AT&T's and Sprint's services as part of its reseller operations. Telnet is responsible for all sales, promotions, billing and trouble reporting and other customer service functions. Customers are subscribers of Telnet, not the underlying carrier.

3. Telnet does not provide any operator services. If a customer desires operator services, the customer will be directed to Telnet's underlying carrier's operators.

4. Telnet has the experience, capability, and financial resources to provide the services as described in its Application.

5. Telnet completed and billed unauthorized intrastate toll calls prior to its certification.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a certificate of public convenience and necessity should be granted to Telnet to provide intrastate, interLATA service through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Services, or any other services authorized for resale by tariffs of facility-based carriers approved by the Commission.

2. The Commission recognizes that Telnet does not intend to resell telecommunications for the purpose of making intrastate intraLATA calls. If Telnet incidentally or accidentally completes any intraLATA calls, the LEC shall be compensated by Telnet as ordered by the Commission in Order No. 86-793, issued August 5, 1986, in Docket No. 86-187-C.

3. The Commission adopts a rate design for Telnet which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate level has been previously adopted by the Commission. In Re: Application of GTE Sprint Communication Corporation etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

4. Telnet shall not adjust its rates below the approved maximum level without notice to the Commission and to the public. Telnet shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. Any proposed increase in the maximum rate level reflected in the tariff which would be applicable to the general body of Telnet's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1991).

5. For the provision of intrastate telecommunications service Telnet may only use underlying facility-based carriers that are certified by this Commission to provide such service. Telnet shall notify the Commission in writing of its underlying carrier(s) and of any change in its carrier(s).

6. Telnet shall file its maximum rate tariff and an accompanying price list in a loose leaf binder to reflect the Commission's findings within thirty (30) days of its receipt of this Order. Telnet shall delete the provision regarding advance payments from its tariff.

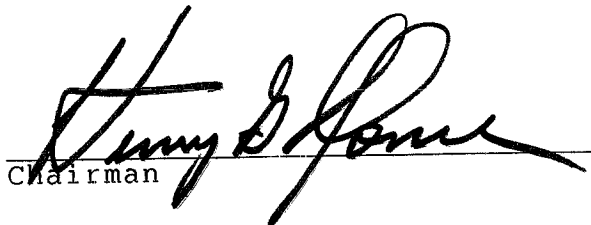
7. Telnet is subject to access charges pursuant to Commission Order No. 86-584 in which the Commission determined that for access purposes resellers should be treated similarly to facilities-based interexchange carriers.

8. Telnet shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No.

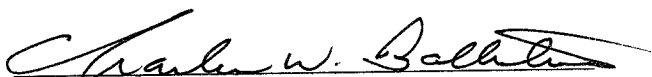
88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.

9. Telnet shall refund to the appropriate subscribers all revenues billed and collected prior to certification for South Carolina intrastate toll service with interest at 12% per annum. Telnet shall complete the refund within 60 days of the date of this Order and shall certify compliance to the Commission within 30 days of the refund completion.

IT IS SO ORDERED.


Chairman

ATTEST:


Executive Director

(SEAL)